

Present Value of Income Tax Benefits for Retirement Savings by Income Class

2015 Income Levels and Law

Family Size Adjusted Cash Income Percentile	Roth Defined Contribution Plans and Accounts (%)	Traditional Defined Contribution Plans and Accounts (%)	Defined Benefit Plans (%)	Non-Deductible IRAs (%)	Saver's Credit (%)	2015 Current Law Distribution of Total Federal Taxes (%)
0 to 10	0.0	0.0	0.1	0.1	0.0	-0.4
10 to 20	0.1	0.1	0.3	0.0	1.0	-0.4
20 to 30	0.5	0.3	0.7	0.0	11.4	0.2
30 to 40	1.7	0.8	1.5	0.1	21.9	1.1
40 to 50	3.0	1.9	3.1	0.0	28.0	2.5
50 to 60	5.3	3.6	5.4	0.1	22.1	4.1
60 to 70	9.2	6.1	8.8	0.5	10.8	6.3
70 to 80	18.2	11.8	15.3	2.4	2.1	9.8
80 to 90	37.7	23.2	25.1	7.5	1.3	15.8
90 to 95	20.7	19.3	17.8	17.4	0.7	12.5
95 to 99	3.5	24.3	17.4	51.9	0.6	18.6
99 to 99.9	0.2	7.5	4.0	18.2	0.0	13.3
99.9 to 100	0.0	1.0	0.4	1.8	0.0	16.4
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0
Amount (Bil \$)	3.5	84.0	44.7	0.3	1.3	2878.6

* Families with negative incomes are excluded from the lowest income decile but included in the total line.

** Percentiles begin at family size-adjusted cash income of: \$11,197 for 10 to 20; \$16,311 for 20 to 30; \$21,655 for 30 to 40; \$28,448 for 40 to 50; \$36,976 50 to 60; \$47,339 60 to 70; \$59,597 for 70 to 80; \$77,997 for 80 to 90; \$113,139 for 90 to 95; \$160,522 for 95 to 99; \$387,400 for 99 to 99.9 and \$1,526,021 for Top .1.

*** Assumptions: Taxes are paid out of savings, tax rates in retirement life are the same as in work life, the return on savings is taxed annually at statutory (ordinary) rates if each tax expenditure is eliminated, individuals self-annuitize in a non-inflation adjusted manner at retirement and the return on savings is equal to the discount rate.

**** The change in tax burden from tax preferred savings is estimated as the present value of the tax savings on one year's contributions to tax preferred retirement accounts and plans. The present value method discounts future tax payments or savings to reflect its current value.

***** Cash Income consists of wages and salaries, net income from a business or farm, taxable and tax-exempt interest, dividends, rental income, realized capital gains, cash and near-cash transfers from the government, retirement benefits, and employer-provided health insurance (and other employer benefits). Employer contributions for payroll taxes and the federal corporate income tax are added to place cash on a pre-tax basis.

Families are placed into deciles based on cash income adjusted for family size, by dividing income by the square root of family size.



**Distribution of Income Tax Expenditures (Present Value) for Retirement Savings:
Tax Benefits as a Share of After-Tax Income (%)**

2015 Income Levels and Law

Family Size Adjusted Cash Income Percentile	Roth Defined Contribution Plans and Accounts	Traditional Defined Contribution Plans and Accounts	Defined Benefit Plans	Non-Deductible IRAs	Saver's Credit	Total Retirement Savings Tax Benefits
0 to 10	0.00	0.01	0.02	0.00	0.00	0.03
10 to 20	0.00	0.02	0.04	0.00	0.00	0.06
20 to 30	0.00	0.07	0.08	0.00	0.04	0.19
30 to 40	0.01	0.14	0.13	0.00	0.05	0.33
40 to 50	0.02	0.24	0.21	0.00	0.05	0.52
50 to 60	0.02	0.36	0.29	0.00	0.03	0.72
60 to 70	0.03	0.50	0.38	0.00	0.01	0.93
70 to 80	0.05	0.76	0.52	0.00	0.00	1.34
80 to 90	0.08	1.12	0.65	0.00	0.00	1.85
90 to 95	0.06	1.32	0.65	0.00	0.00	2.03
95 to 99	0.01	1.21	0.46	0.01	0.00	1.69
99 to 99.9	0.00	0.67	0.19	0.01	0.00	0.87
99.9 to 100	0.00	0.11	0.02	0.00	0.00	0.14
Total	0.04	0.86	0.46	0.00	0.01	1.36

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